

6 February 2020



Citigold Corporation Limited
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Ms Lauren Osbich
Compliance Adviser
Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

By email to: ListingsComplianceSydney@asx.com.au

Dear Ms Osbich

Citigold Corporation Limited (the "Entity" or "Citigold" or "CTO") – ASX Appendix 5B Query

On Friday 31 January 2020 Citigold issued its Quarterly Activities & Cash Flow Report as at 31 December 2019 to the market (Announcement).

The Australian Securities Exchange (ASX) has requested the Entity respond to certain questions which are set out below, together with the Entity's responses (*in italics*):

1. Does CTO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. Consistent with other mineral exploration companies, the Entity expects it will continue to have negative operating cash flows for the time being.

2. Has CTO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Entity proposes to, and has taken, steps to raise further funds for working capital to fund its operations and believes that it is most likely to be successful in keeping with previous practice, which steps include:

- (a) *The Entity regularly monitors its cash flow requirements in order to meet its planned ongoing activities by arranging capital raisings including through the issue of equity securities, raising of finance via debt funding and/or the sale of assets, as may be required;*
- (b) *On 24 January 2020, Citigold announced "Appendix 3B" that it had raised \$100,000 in placement post 31 December 2019 Quarter end confirming continued support of investors and shareholders;*
- (c) *Major project funding discussions are actively continuing with potential strategic funding partners for the production-ready Charters Towers Gold Project. With the recent strength in the US\$ gold price, near US\$1,500 (AU\$2,220) per ounce, interest in our production-ready Gold Project has increased. The major development funding seeks to raise substantial funds with a strong financial partner that will see development of the Gold Project to full production and the generation of positive operating cash flows;*

- (d) *As already announced in the 31 December 2019 Quarterly Activities Report and Appendix 5B, the Entity has existing access to loan facility which was increased during the Quarter and is not fully drawn;*
- (e) *In addition to the above steps, short term loans (both unsecured and secured) have been used by the Entity in the past year and further short-term loans are also under consideration by the Entity; and*
- (f) *The Entity has share placement capacity under Listing Rule 7.1 and 7.1A and would raise up to, or above, circa \$2 million depending on the share prices. In that regard, the Entity continues to have discussions with investors.*

The Entity also has various assets including mining and exploration leases and freehold property available that may be realised, if required, to assist in funding its activities.

Based on the information currently available to the Entity, the Entity considers that the Entity is likely to continue to have sufficient cash to fund its operations.

3. Does CTO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The Entity expects to be able to continue its operations and to meet its business objectives on the basis of the matters set out in the Announcement and the responses to Questions set out above. Also, the Entity will make appropriate announcements to the market on the finalisation of any material contracts and/or agreements.

4. Please confirm that CTO is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

The Entity confirms that it is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that rule that has not already been released to the market.

5. Please confirm that CTO's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CTO with delegated authority from the board to respond to ASX on disclosure matters.

The Entity confirms that CTO's responses to the questions above have been authorised by an officer of CTO with delegated authority from the Board to respond to ASX on disclosure matters.

We trust that the above sufficiently addresses ASX's questions.

Authorised for release by Mark Lynch, Chairman.

For further information contact:

Niall Nand

Company Secretary

Email: nnand@citigold.com

Telephone: +61 (0)7 3839 4041

Or visit the Company's website – www.citigold.com



4 February 2020

Reference: ODIN13433

Mr Niall Nand
Company Secretary
Citigold Corporation Limited

By email: nnand@citigold.com

Dear Mr Nand

Citigold Corporation Limited ('CTO'): Appendix 5B Query

ASX refers to CTO's Appendix 5B quarterly report for the period ended 31 December 2019 lodged with ASX Market Announcements Platform on 31 January 2020 (the 'Appendix 5B').

ASX notes that CTO has reported:

- negative net operating cash flows for the quarter of \$1,059,000;
- cash at the end of the quarter of \$12,000; and
- estimated cash outflows for the next quarter of \$90,000.

It is possible to conclude, based on the information in the Appendix 5B that if CTO were to continue to expend cash at the rate indicated by the Appendix 5B, CTO may not have sufficient cash to continue funding its operations.

In view of that, ASX asks CTO to respond separately to each of the following questions and requests for information:

1. Does CTO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CTO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CTO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CTO is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that CTO's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CTO with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9 AM AEST Friday, 7 February 2020**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CTO's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CTO's obligation is to disclose

the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CTO’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CTO’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CTO’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Lauren Osbich
Compliance Adviser, Listings Compliance (Sydney)